

Auditing Procedures Report V1.04

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Issued under Public Act 2 of 1968, as amended .

Unit Name	Richland Township	County	MONTCALM	Type	TOWNSHIP	MuniCode	59-1-180
Opinion Date-Use Calendar	Jun 17, 2008	Audit Submitted -Use Calendar	Jul 26, 2008	Fiscal Year-Use Drop List	2008		

If a local unit of government (authorities & commissions included) is operating within the boundaries of the audited entity and is NOT included in this or any other audit report, nor do they obtain a stand-alone audit, enclose the name(s), address(es), and a description(s) of the authority and/or commission.

Place a check next to each "Yes" or non-applicable question below. Questions left unmarked should be those you wish to answer "No".

<input checked="" type="checkbox"/>	1. Are all required component units/funds/agencies of the local unit included in the financial statements and/or disclosed in the reporting entity notes to the financial statements?
<input checked="" type="checkbox"/>	2. Does the local unit have a positive fund balance in all of its unreserved fund balances/unrestricted net assets?
<input type="checkbox"/>	3. Were the local unit's actual expenditures within the amounts authorized in the budget?
<input checked="" type="checkbox"/>	4. Is this unit in compliance with the Uniform Chart of Accounts issued by the Department of Treasury?
<input checked="" type="checkbox"/>	5. Did the local unit adopt a budget for all required funds?
<input checked="" type="checkbox"/>	6. Was a public hearing on the budget held in accordance with State statute?
<input checked="" type="checkbox"/>	7. Is the local unit in compliance with the Revised Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, and other guidance as issued by the Local Audit and Finance Division?
<input checked="" type="checkbox"/>	8. Has the local unit distributed tax revenues, that were collected for another taxing unit, timely as required by the general property tax act?
<input checked="" type="checkbox"/>	9. Do all deposits/investments comply with statutory requirements including the adoption of an investment policy?
<input checked="" type="checkbox"/>	10. Is the local unit free of illegal or unauthorized expenditures that came to your attention as defined in the Bulletin for Audits of Local Units of Government in Michigan, as revised (see Appendix H of Bulletin.)
<input checked="" type="checkbox"/>	11. Is the unit free of any indications of fraud or illegal acts that came to your attention during the course of audit that have not been previously communicated to the Local Audit and Finance Division? (If there is such activity, please submit a separate report under separate cover.)
<input checked="" type="checkbox"/>	12. Is the local unit free of repeated reported deficiencies from previous years?
<input checked="" type="checkbox"/>	13. Is the audit opinion unqualified?
	14. If not, what type of opinion is it? <input type="text" value="NA"/>
<input checked="" type="checkbox"/>	15. Has the local unit complied with GASB 34 and other generally accepted accounting principles (GAAP)?
<input checked="" type="checkbox"/>	16. Has the board or council approved all disbursements prior to payment as required by charter or statute?
<input checked="" type="checkbox"/>	17. To your knowledge, were the bank reconciliations that were reviewed performed timely?
<input type="checkbox"/>	18. Are there reported deficiencies?
<input checked="" type="checkbox"/>	19. If so, was it attached to the audit report?

General Fund Revenue:	\$ 305,066.00
General Fund Expenditure:	\$ 256,899.00
Major Fund Deficit Amount:	\$ 0.00

General Fund Balance:	\$ 175,522.00
Governmental Activities Long-Term Debt (see instructions):	\$ 0.00

We affirm that we are certified public accountants (CPA) licensed to practice in Michigan. We further affirm the above responses have been disclosed in the financial statements, including the notes, or in the Management Letter (Reported deviations).

CPA (First Name)	Thomas	Last Name	Coulter	Ten Digit License Number	1612544				
CPA Street Address	7810 N Alger Rd	City	Alma	State	MI	Zip Code	48801	Telephone	+1 (989) 463-6108
CPA Firm Name	Yeo & Yeo PC	Unit's Street Address	PO Box 309	City	Vestaburg	LU Zip	48891		

Richland Township
Montcalm County, Michigan
Annual Financial Statements
and
Auditors ' Report
March 31, 2008

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Richland Township
List of Elected and Appointed Officials
March 31, 2008

Township Board

Dennis Wright – Supervisor

Thomas Wright – Treasurer

Susan Brantley – Clerk

Randy Brecht – Trustee

Ron Braman - Trustee



7810 N. Alger Rd.
Alma, MI 48801
Phone (989) 463-6108
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Independent Auditors' Report

To the Members of the Township Board
Richland Township
Vestaburg, Michigan

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Richland Township as of and for the year ended March 31, 2008, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects the respective financial position of the governmental activities and each major fund of Richland Township as of March 31, 2008 and the respective changes in financial position, thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and budgetary comparison information identified in the table of contents are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Yeo & Yeo, P.C.

June 17, 2008
Alma, Michigan

**Richland Township
Management's Discussion and Analysis
For the Year Ended March 31, 2008**

Our discussion and analysis of Richland Township's financial performance provides an overview of the Township's financial activities for the fiscal year ended March 31, 2008. Please read it in conjunction with the Township's financial statements.

Financial Highlights

As discussed in further detail in this discussion and analysis, the following represents the most significant financial highlights for the year ended March 31, 2008.

Total net assets related to the Township's governmental activities are \$462,635. The amount that is unrestricted is \$295,549.

Using this Annual Report

This annual report consists of a series of financial statements. The statement of net assets and the statement of activities provide information about the activities of the Richland Township as a whole and present a longer-term of the Township's finances. This longer-term view uses the accrual basis of accounting so that it can measure the cost of providing services during the current year, and whether the taxpayers have funded the full cost of providing governmental services.

The fund financial statements present a short term view; they tell us how the taxpayer's resources were spent during the year, as well as how much is available for future spending. Fund financial statements also report the Township's operations in more detail than the government-wide financial statements by providing information about the Township's most significant funds. The fiduciary fund statements provide financial information about activities for which the Township acts solely as a trustee or agent for the benefit of those outside of the government.

Richland Township
Management's Discussion and Analysis
For the Year Ended March 31, 2008

Richland Township as a Whole

The following table shows, in a condensed format, the net assets as of March 31, 2008.

Table 1

	<u>Governmental Activities</u>
Current assets	\$ 296,647
Capital assets, net	<u>167,086</u>
Total Assets	<u>463,733</u>
Current liabilities	<u>1,098</u>
Total net assets	<u>\$ 462,635</u>

Richland Township's net assets of governmental activities are \$462,635, of which \$295,549 is unrestricted .

Richland Township
Management's Discussion and Analysis
For the Year Ended March 31, 2008

The following table shows, in a condensed format, the change in net assets as of the March 31, 2008.

Table 2

	<u>Governmental Activities</u>
Revenue	
Program revenue	
Charges for services	\$ 22,878
Operating grants and contributions	28,337
Capital grants and contributions	3,302
General revenue	
Property taxes	173,798
State-shared revenue	203,411
Unrestricted investment earnings	2,242
Miscellaneous	<u>17,170</u>
Total revenue	<u>451,138</u>
Program expenses	
General government	164,087
Public safety	102,615
Public works	73,049
Community and economic development	2,386
Recreation and culture	<u>117,628</u>
Total program expenses	<u>459,765</u>
Change in net assets	<u>\$ (8,627)</u>

**Richland Township
Management's Discussion and Analysis
For the Year Ended March 31, 2008**

Governmental Activities

Richland Township's total governmental activity revenues were \$451,138.

Governmental activity expenditures of \$459,765 were recorded for the year. This is a decrease of \$86,524 over last year's expenses.

Richland Township's Funds

The fund financial statements provide detailed information about the most significant funds, not Richland Township as a whole. The Township Council creates funds to help manage money for specific purposes as well as show accountability for certain activities.

a) **General Fund**

Functions relating to the general governmental activities of the Township, which are financed by property tax levies, by distribution of State revenues from fees charged for various municipal activities and services are recorded in the General Fund. This fund had an increase in fund balance of \$38,825 in 2008.

b) **Special Revenue Funds**

Special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

c) **Permanent Fund**

The Permanent Fund accounts for perpetual cemetery resources and expenditures.

General Fund Budgetary Highlights

Over the course of the year, the Township Board monitors and amends the budget to account for unanticipated events during the year. The most significant changes in the current year included additional road work and the Boards decision to retain the sexton full-time requiring additional hours. Prudent budgeting and continued monitoring of all expenditures made these projects possible.

**Richland Township
Management's Discussion and Analysis
For the Year Ended March 31, 2008**

Capital Assets

At March 31, 2008, Richland Township has \$576,271 invested in a wide range of capital assets, including land, buildings, and machinery and equipment. The total amount of accumulated depreciation as of March 31, 2008 is \$409,185, of which \$167,086 remains as net capital assets at the end of the fiscal year.

Economic Factors and Next Year's Budgets and Rates

The Township needs to continue to monitor its budget very closely. State revenue-sharing payments were decreased again this past year with the potential to decrease again due to State cutbacks and less sales tax receipts at the State level.

Despite these concerns, the Township will continue to operate as efficiently as possible in the next fiscal year.

Contacting Richland Township's Management

This financial report is intended to provide our citizens, taxpayers, customers, and investors with a general overview of Richland Township's finances and to show the Township's accountability for the money it receives. If you have any questions about this report or need additional information, we welcome you to contact the administration offices at the Township hall.

Richland Township
Statement of Net Assets
March 31, 2008

	<u>Primary Government</u> <u>Governmental</u> <u>Activities</u>
Assets	
Cash and cash equivalents	\$ 169,111
Receivables	
Taxes	56,867
Special assessments	22,990
Accrued interest and other	525
Due from other units of government	47,176
Capital assets not being depreciated	9,000
Capital assets, net	<u>158,086</u>
 Total assets	 <u>463,755</u>
 Liabilities	
Accrued and other liabilities	<u>1,120</u>
 Net Assets	
Invested in capital assets	167,086
Unrestricted	<u>295,549</u>
 Total net assets	 <u>\$ 462,635</u>

See Accompanying Notes to Financial Statements

Richland Township
Statement of Activities
For the Year Ended March 31, 2008

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government				<u>Primary Government</u>
Governmental activities				<u>Governmental</u>
General government	\$ 164,087	\$ 3,759	\$ -	\$ -
Public safety	102,615	15,000	-	-
Public works	73,049	-	-	-
Community and economic development	2,386	-	-	3,302
Recreation and culture	<u>117,628</u>	<u>4,119</u>	<u>28,337</u>	<u>-</u>
Total primary government	<u>\$ 459,765</u>	<u>\$ 22,878</u>	<u>\$ 28,337</u>	<u>\$ 3,302</u>
General revenues				
Property taxes				173,798
State shared revenue				203,411
Unrestricted investment earnings				2,242
Miscellaneous				<u>17,170</u>
Total general revenues				<u>396,621</u>
Change in net assets				(8,627)
Net assets - beginning of year				<u>471,262</u>
Net assets - end of year				<u>\$ 462,635</u>

See Accompanying Notes to Financial Statements

**Richland Township
Governmental Funds
Balance Sheet
March 31, 2008**

		<u>Special Revenue Funds</u>		<u>Nonmajor Governmental Fund</u>	
	<u>General</u>	<u>Fire Fund</u>	<u>Library Fund</u>	<u>Perpetual Care Fund</u>	<u>Total Governmental Funds</u>
Assets					
Cash and cash equivalents	\$ 128,028	\$ 21,850	\$ 3,145	\$ 16,088	\$ 169,111
Receivables					
Taxes	8,158	6,687	42,022	-	56,867
Special assessments	22,990	-	-	-	22,990
Accrued interest and other	525	-	-	-	525
Due from other units of government	<u>47,176</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>47,176</u>
 Total assets	 <u>\$ 206,877</u>	 <u>\$ 28,537</u>	 <u>\$ 45,167</u>	 <u>\$ 16,088</u>	 <u>\$ 296,669</u>

See Accompanying Notes to Financial Statements

**Richland Township
Governmental Funds
Balance Sheet
March 31, 2008**

		<u>Special Revenue Funds</u>		<u>Nonmajor Governmental Fund</u>	
	<u>General</u>	<u>Fire Fund</u>	<u>Library Fund</u>	<u>Perpetual Care Fund</u>	<u>Total Governmental Funds</u>
Liabilities					
Accrued and other liabilities	\$ 207	\$ 913	\$ -	\$ -	\$ 1,120
Deferred revenue	<u>31,148</u>	<u>21,103</u>	<u>42,000</u>	<u>-</u>	<u>94,251</u>
Total liabilities	<u>31,355</u>	<u>22,016</u>	<u>42,000</u>	<u>-</u>	<u>95,371</u>
Fund Balances					
Unreserved, reported in:					
General fund	175,522	-	-	-	175,522
Special revenue funds	-	6,521	3,167	-	9,688
Permanent fund	<u>-</u>	<u>-</u>	<u>-</u>	<u>16,088</u>	<u>16,088</u>
Total fund balances	<u>175,522</u>	<u>6,521</u>	<u>3,167</u>	<u>16,088</u>	<u>201,298</u>
Total liabilities and fund balances	<u>\$ 206,877</u>	<u>\$ 28,537</u>	<u>\$ 45,167</u>	<u>\$ 16,088</u>	<u>\$ 296,669</u>

See Accompanying Notes to Financial Statements

Richland Township
Governmental Funds
Reconciliation of Fund Balances of Governmental Funds
to Net Assets of Governmental Activities
March 31, 2008

Total fund balances for governmental funds	\$ 201,298
Total net assets for governmental activities in the statement of net assets is different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	167,086
Certain receivables are not available to pay for current period expenditures and, therefore are deferred in the funds.	<u>94,251</u>
Net assets of governmental activities	<u><u>\$ 462,635</u></u>

Richland Township
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended March 31, 2008

		<u>Special Revenue Funds</u>		<u>Nonmajor Governmental Fund</u>	
	<u>General</u>	<u>Fire Fund</u>	<u>Library Fund</u>	<u>Perpetual Care Fund</u>	<u>Total Governmental Funds</u>
Revenues					
Taxes	\$ 83,105	\$ 50,960	\$ 41,089	\$ -	\$ 175,154
Licenses and permits	1,735	-	-	-	1,735
State revenue sharing	205,213	-	3,459	-	208,672
Local contributions	-	-	26,378	-	26,378
Charges for services	10,884	15,000	-	-	25,884
Fines and forfeitures	-	-	188	-	188
Interest income	1,417	-	167	658	2,242
Rental income	900	-	4,119	-	5,019
Perpetual care	-	-	-	525	525
Other revenue	<u>1,812</u>	<u>9,949</u>	<u>5,221</u>	<u>-</u>	<u>16,982</u>
Total revenues	<u>305,066</u>	<u>75,909</u>	<u>80,621</u>	<u>1,183</u>	<u>462,779</u>

See Accompanying Notes to Financial Statements

Richland Township
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended March 31, 2008

		<u>Special Revenue Funds</u>		<u>Nonmajor Governmental Fund</u>	
	<u>General</u>	<u>Fire Fund</u>	<u>Library Fund</u>	<u>Perpetual Care Fund</u>	<u>Total Governmental Funds</u>
Expenditures					
Current					
General government	139,474	-	-	-	139,474
Public safety	19,133	76,163	-	-	95,296
Public works	73,049	-	-	-	73,049
Community and economic development	2,386	-	-	-	2,386
Recreation and culture	11,600	-	106,028	-	117,628
Other functions	11,257	-	-	-	11,257
	<u>256,899</u>	<u>76,163</u>	<u>106,028</u>	<u>-</u>	<u>439,090</u>
Total expenditures					
	<u>256,899</u>	<u>76,163</u>	<u>106,028</u>	<u>-</u>	<u>439,090</u>
Excess (deficiency) of revenues over expenditures	<u>48,167</u>	<u>(254)</u>	<u>(25,407)</u>	<u>1,183</u>	<u>23,689</u>
Other financing sources (uses)					
Transfers in	658	-	10,000	-	10,658
Transfers out	<u>(10,000)</u>	<u>-</u>	<u>-</u>	<u>(658)</u>	<u>(10,658)</u>
	<u>(9,342)</u>	<u>-</u>	<u>10,000</u>	<u>(658)</u>	<u>-</u>
Total other financing sources (uses)					
	<u>(9,342)</u>	<u>-</u>	<u>10,000</u>	<u>(658)</u>	<u>-</u>
Net change in fund balance	38,825	(254)	(15,407)	525	23,689
Fund balance - beginning of year	<u>136,697</u>	<u>6,775</u>	<u>18,574</u>	<u>15,563</u>	<u>177,609</u>
Fund balance - end of year	<u>\$ 175,522</u>	<u>\$ 6,521</u>	<u>\$ 3,167</u>	<u>\$ 16,088</u>	<u>\$ 201,298</u>

See Accompanying Notes to Financial Statements

Richland Township
Governmental Funds
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
For the Year Ended March 31, 2008

Net change in fund balances - Total governmental funds	\$ 23,689
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Total change in net assets reported for governmental activities in the statement of activities
is different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those
assets is allocated over their estimated useful lives and reported as depreciation expense.

Depreciation expense	(20,675)
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenue
in the funds.

Special assessments	(10,285)
Property taxes	<u>(1,356)</u>

Change in net assets of governmental activities	\$ <u>(8,627)</u>
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Richland Township
Fiduciary Funds
Statement of Net Assets
March 31, 2008

	Agency Funds
Assets	
Cash and cash equivalents	\$ <u>635</u>
Liabilities	
Due to other units of government	\$ <u>635</u>

See Accompanying Notes to Financial Statements

Richland Township
Notes to Financial Statements
March 31, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting entity

Richland Township is governed by an elected five-member Board. The accompanying financial statements present the government entities for which the government is considered to be financially accountable.

Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segments are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement focus, basis of accounting, and financial statement presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

Property taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

Richland Township
Notes to Financial Statements
March 31, 2008

The government reports the following major governmental funds:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Fire Fund accounts for property taxes and other revenue that is restricted for providing fire protection.

The Library Fund accounts for the state aid and local contributions that are restricted for providing library operations.

Additionally, the government reports the following:

The Permanent Fund accounts for perpetual cemetery resources and expenditures.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes where the amounts are reasonably equivalent in value to the interfund services provided. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

Assets, liabilities, and net assets or equity

Deposits and investments – Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Certificate of deposits are stated at cost which approximates fair value.

Receivables and payables – In general, outstanding balances between funds are reported as "due to/from other funds." Activity between funds that is representative of lending/borrowing arrangement outstanding at the end of the fiscal year is referred to as "advances to/from other funds."

All trade and property tax receivables are shown as net of allowance for uncollectible amounts. Property taxes are levied on each December 1st on the taxable valuation of property as of the preceding December 31st. Taxes are considered delinquent on March 1st of the following year, at which time penalties and interest are assessed.

The 2007 taxable valuation of the government totaled \$53,927,693, on which ad valorem taxes consisted of 0.8537 mills for operating purposes and 0.944 mills for fire protection purposes. This resulted in \$46,279 for operating expenses, exclusive of any Michigan Tax Tribunal or Board of Review adjustments.

Richland Township
Notes to Financial Statements
March 31, 2008

Capital assets – Capital assets, which include property, plant and equipment, are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$1,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost, if purchased or constructed.

The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or extend its useful life beyond the original estimate. In the case of donations the government values these capital assets at the estimated fair value of the item at the date of its donation.

Property, plant and equipment are depreciated using the straight-line method over the following useful lives:

Buildings	40 to 60 years
Building improvements	15 to 30 years
Vehicles	3 to 10 years
Office equipment computer equipment	5 to 7 years
Computer equipment	3 to 7 years

Fund equity – In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purposes. Designations of fund balance represent tentative management plans that are subject to change.

Comparative data

Comparative data is not included in the government's financial statements.

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY
Budgetary information

The government is subject to the budgetary control requirements of the Uniform Budgeting Act (P.A. 621 of 1978, as amended). Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for the General Fund and all Special Revenue Funds. All annual appropriations lapse at fiscal year end.

Prior to March 1, the Township Supervisor submits to the Township Board a proposed operating budget for the fiscal year commencing the following April 1. Public hearings are obtained to obtain taxpayer comments and the budget is legally enacted through passage of an ordinance prior to April 1.

The budget document presents information by fund, activity, department, and line items. The legal level of budgetary control adopted by the governing body is the activity level. The Township Clerk is authorized to transfer budgeted amounts between line items within an activity; however, any revisions that alter the total expenditures of an activity must be approved by the Township Board.

Amounts encumbered for purchase orders, contracts, etc. are not tracked during the year. Budget appropriations are considered to be spent when goods are received or services rendered.

Richland Township
Notes to Financial Statements
March 31, 2008

Excess of expenditures over appropriations

<u>Fund</u>	<u>Total Appropriation</u>	<u>Amount Expended</u>	<u>Unfavorable Variance</u>
General			
Public works	\$ 72,000	\$ 73,049	\$ 1,049
Recreation and culture	-	11,600	11,600

DEPOSITS

At year end the government's deposits were reported in the basic financial statements in the following category:

	<u>Cash and Cash Equivalents</u>
Governmental activities	\$ 169,111
Fiduciary funds	<u>635</u>
Total	<u>\$ 169,746</u>

Interest rate risk – The government does not have a formal investment policy to manage its exposure to fair value losses from changes in interest rates

Credit risk – State statutes and the government's investment policy authorize the government to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations which have an office in Michigan. The local unit is allowed to invest in bonds, securities and other obligations of the United States, or any agency or instrumentality of the United States. United States government or federal agency obligations; repurchase agreements; bankers acceptance of United States Banks; commercial

paper rated within the two highest classifications which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or any of its political subdivisions, which are rated as investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan. The Township has no investment policy that would further limit its investment choices. As of March 31, 2008, the Township has no investments.

Concentration of credit risk – The government has no policy that would limit the amount that may be issued in any one issuer.

Custodial credit risk - deposits – In the case of deposits, this is the risk that in the event of bank failure, the government's deposits may not be returned to it. The government does not have a policy for custodial credit risk. As of year end, \$78,072 was exposed to custodial credit risk because it was uninsured and uncollateralized .

Richland Township
Notes to Financial Statements
March 31, 2008

NOTE 4 - RECEIVABLES AND DEFERRED REVENUE

Governmental funds report deferred revenue in connection with receivables for revenue that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned. At the end of the current fiscal year, the various components of deferred revenue are as follows:

	<u>Unavailable</u>
Primary government	
Special assessments	\$ 22,990
Property taxes	56,261
Other revenue	<u>15,000</u>
	<u><u>\$ 94,251</u></u>

NOTE 5 - CAPITAL ASSETS

Capital assets activity of the primary government for the current year was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities				
Capital assets not being depreciated				
Land	\$ 9,000	\$ -	\$ -	\$ 9,000
Capital assets being depreciated				
Buildings, additions and improvements	176,212	-	-	176,212
Machinery and equipment	76,989	-	-	76,989
Vehicles	<u>314,070</u>	<u>-</u>	<u>-</u>	<u>314,070</u>
Total capital assets being depreciated	<u>567,271</u>	<u>-</u>	<u>-</u>	<u>567,271</u>
Less accumulated depreciation for				
Buildings, additions and improvements	75,801	4,027	-	79,828
Machinery and equipment	25,239	11,048	-	36,287
Vehicles	<u>287,470</u>	<u>5,600</u>	<u>-</u>	<u>293,070</u>
Total accumulated depreciation	<u>388,510</u>	<u>20,675</u>	<u>-</u>	<u>409,185</u>
Net capital assets being depreciated	<u>178,761</u>	<u>(20,675)</u>	<u>-</u>	<u>158,086</u>
Governmental activities capital assets, net	<u>\$ 187,761</u>	<u>\$ (20,675)</u>	<u>\$ -</u>	<u>\$ 167,086</u>

Depreciation expense was charged to programs of the primary government as follows:

Governmental activities	
General government	\$ 13,356
Public safety	<u>7,319</u>
Total primary government	<u>\$ 20,675</u>

Richland Township
Notes to Financial Statements
March 31, 2008

NOTE 6 - INTERFUND TRANSFERS

The details for interfund transfers are as follows:

<u>Funds Transferred From</u>	<u>Funds Transferred To</u>	<u>Amount</u>
Perpetual Care Fund	General Fund	\$ 658
General Fund	Library Fund	10,000
		<u>\$ 10,658</u>

These transfers were done to move interest earned on Perpetual Care accounts to the General Fund and to transfer money from the General Fund to the Library Fund for operating purposes.

NOTE 7 - RISK MANAGEMENT

The government is exposed to various risks of loss related to property loss, torts, errors and omissions and employee injuries (workers' compensation), as well as medical benefits provided to employees. The government has purchased commercial insurance for all claims. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

NOTE 8 - EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS

Defined contribution pension plan

The Township has established a defined contribution pension plan covering all elected officials and fire fighters. Each employee must contribute 7.5% of his or her annual compensation to the pension plan. The Township is required to contribute an amount equal to 7.5% of the employee's annual compensation. Contributions made by both the employee and employer vest immediately. The total cost to the Township for the year ended March 31, 2008 was \$8,092.

NOTE 9 - CONTINGENT LIABILITIES

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the government expects such amounts, if any, to be immaterial.

Richland Township
Required Supplemental Information
Budgetary Comparison Schedule
General Fund
For the Year Ended March 31, 2008

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Actual Over (Under) Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes				
Property taxes	\$ 44,700	\$ 44,700	\$ 51,314	\$ 6,614
Special assessments	-	-	10,285	10,285
Administration fee	16,000	16,000	21,506	5,506
Licenses and permits	2,000	2,000	1,735	(265)
State revenue sharing	207,700	207,700	205,213	(2,487)
Charges for services	10,350	10,350	10,884	534
Interest income	950	950	1,417	467
Rental income	1,500	1,500	900	(600)
Other revenue	750	750	1,812	1,062
Transfer in	650	650	658	8
Total revenues	<u>284,600</u>	<u>284,600</u>	<u>305,724</u>	<u>21,124</u>
Expenditures				
General government				
Township board	32,300	23,800	27,541	3,741
Supervisor	27,000	27,000	27,000	-
Clerk	14,400	14,400	11,400	(3,000)
Audit	4,000	4,000	2,090	(1,910)
Board of review	700	700	660	(40)
Treasurer	14,400	14,400	12,404	(1,996)
Assessor	1,000	1,000	-	(1,000)
Buildings and grounds	33,100	33,100	21,403	(11,697)
Attorney	1,000	1,000	498	(502)
Cemetery	30,700	36,550	36,478	(72)
Total general government	<u>158,600</u>	<u>155,950</u>	<u>139,474</u>	<u>(16,476)</u>

Richland Township
Required Supplemental Information
Budgetary Comparison Schedule
General Fund
For the Year Ended March 31, 2008

	Budgeted Amounts		Actual	Actual Over (Under) Final Budget
	Original	Final		
Public safety				
Police	20,100	21,150	19,133	(2,017)
Public works				
Department of public works	1,400	1,400	2,533	1,133
Highways, streets and bridges	50,000	66,600	66,553	(47)
Street lighting	4,000	4,000	3,963	(37)
Total public works	55,400	72,000	73,049	1,049
Community and economic development				
Zoning	12,700	2,700	2,386	(314)
Recreation and culture				
Parks and recreation	-	-	11,600	11,600
Other functions				
Insurance and bonds	12,000	12,000	11,257	(743)
Transfers out	15,000	10,000	10,000	-
Total expenditures	273,800	273,800	266,899	(6,901)
Excess of revenues over expenditures	10,800	10,800	38,825	28,025
Fund balance - beginning of year	136,697	136,697	136,697	-
Fund balance - end of year	\$ 147,497	\$ 147,497	\$ 175,522	\$ 28,025

Richland Township
Required Supplemental Information
Budgetary Comparison Schedule
Fire Fund
For the Year Ended March 31, 2008

	Budgeted Amounts		Actual	Actual Over (Under) Final Budget
	Original	Final		
Revenues				
Taxes	\$ 49,500	\$ 49,500	\$ 50,960	\$ 1,460
Charges for services	15,000	15,000	15,000	-
Other revenue	2,500	8,500	9,949	1,449
Transfers in	15,000	15,000	-	(15,000)
Total revenues	82,000	88,000	75,909	(12,091)
Expenditures				
Current				
Public safety	82,000	82,000	76,163	(5,837)
Excess (deficiency) of revenues over expenditures	-	6,000	(254)	(6,254)
Fund balance - beginning of year	6,775	6,775	6,775	-
Fund balance - end of year	<u>\$ 6,775</u>	<u>\$ 12,775</u>	<u>\$ 6,521</u>	<u>\$ (6,254)</u>

See Accompanying Accountants' Report

Richland Township
Required Supplemental Information
Budgetary Comparison Schedule
Library Fund
For the Year Ended March 31, 2008

	Budgeted Amounts		Actual	Actual Over (Under)
	Original	Final		Final Budget
Revenues				
Taxes	\$ 40,000	\$ 40,000	\$ 41,089	\$ 1,089
State revenue sharing	6,700	6,700	3,459	(3,241)
Local contributions	24,000	24,000	26,378	2,378
Fines and forfeitures	1,000	1,000	188	(812)
Interest income	200	200	167	(33)
Rental income	5,000	5,000	4,119	(881)
Other revenue	800	800	5,221	4,421
Transfers in	-	-	10,000	10,000
	<u>77,700</u>	<u>77,700</u>	<u>90,621</u>	<u>12,921</u>
Expenditures				
Current				
Recreation and culture	<u>109,540</u>	<u>109,540</u>	<u>106,028</u>	<u>(3,512)</u>
Deficiency of revenues over expenditures	(31,840)	(31,840)	(15,407)	16,433
Fund balance - beginning of year	<u>18,574</u>	<u>18,574</u>	<u>18,574</u>	-
Fund balance - end of year	<u>\$ (13,266)</u>	<u>\$ (13,266)</u>	<u>\$ 3,167</u>	<u>\$ 16,433</u>

See Accompanying Accountants' Report